

Message Text

SECRET

PAGE 01 STATE 180765

67

ORIGIN SS-10

INFO OCT-01 ISO-00 SSO-00 CCO-00 /011 R

66630

DRAFTED BY: S/S-S: P.H. BLAKEBURN

APPROVED BY: S/S: S.R. GAMMON

E. J. BILLER

----- 066360

P 112324Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

S E C R E T STATE 180765

EXDIS TOSHU 20

FOLLOWING REPEAT KUWAIT 03270 ACTION SECSTATE INFO JIDDA LONDON
TEHRAN SEPTEMBER 10:

QUOTE

S E C R E T KUWAIT 3270

EXDIS

E.O. 11652: GDS

TAGS: ENRG KU

SUBJECT: VIEWS OF KUWAITI MINISTER FINANCE AND OIL RE OIL ISSUES

SUMMARY: KUWAITI MINFIN AND OIL ATEEQI SAYS KUWAIT WILL
ASK FOR 100 PERCENT PARTICIPATION AND OFFER COMPENSATION AT NET
BOOK VALUE. IN RETURN OIL COMPANIES WILL BE OFFERED OIL FOR SALE
AT DISCOUNT. ATEEQI REQUESTED THIS GOK POSITION BE CLOSELY HELD
WITHIN USG. ATEEQI ALSO GAVE HIS VIEWS ON HOW WORLD OIL PICTURE
HAS CHANGED AND HOW THESE CHANGES HAVE DICTATED NEW ARRANGEMENTS
BETWEEN PRODUCERS, CONSUMERS AND COMPANIES. HE SAID GOK WILL
PUSH FOR HIGHER PRICES AT UPCOMING OPEC MEETING. END SUMMARY.

1. IN ORDER CATCH MINFIN AND OIL ATEEQI AFTER RECENT OAPEC MEET-
SECRET

SECRET

PAGE 02 STATE 180765

ING IN KUWAIT AND BEFORE OPEC MEETING SEPT 15 IN VIENNA, I CALLED

ON HIM SEPT 8 FOR REVIEW OF CURRENT GOK THINKING ON PARTICIPATION AND OTHER OIL MATTERS. FOLLOWING AND ALSO BY SEPTEL IS GIST ATEEQI'S COMMENTS IN ANSWER TO SERIES OF QUESTIONS I PUT TO HIM.

2. PARTICIPATION. ATEEQI SAID SITUATION HAD CHANGED COMPLETELY SINCE GOK RETIFICATION OF PARTICIPATION AGREEMENT BASED ON 25 PERCENT AND SUBMISSION TO NATIONAL ASSEMBLY LAST FALL. CONCEPTS OF FOREIGN COMPANY OWNERSHIP, CONCESSIONS AND OTHER TRADITIONAL ARRANGEMENTS FOR MOVING OIL FROM WHERE IT WAS IN GROUND TO WHERE IT CONSUMED HAD PROVED TO BE NO LONGER VALID. FUNDAMENTALS NOW WERE AVAILABILITY OF ADEQUATE SUPPLIES OF PETROLEUM PRODUCTS TO CONSUMERS, RETURN TO PRODUCING COUNTRIES ON THEIR OIL IN RELATION TO (RISING) PRICES OF FINISHED PRODUCTS THEY NEEDED FROM DEVELOPED COUNTRIES, AND RELATIVE ADVANTAGES OF ACQUIRING SURPLUS FUNDS FOR ACCELERATED DEVELOPMENT AT HOME AND INVESTMENT ABROAD VERSUS PRESERVING SUCH "EXCESS OIL" IN GROUND FOR FUTURE.

3. GIVEN THESE CIRCUMSTANCES, ATEEQI SAID, KUWAIT WOULD ASK FOR 100 PERCENT PARTICIPATION -- AND COMPENSATION BASED ON NET BOOK VALUE. HE ASSERTED NET BOOK VALUE BASIS NOT NEARLY AS PAINFUL TO GULF AND BP IN KUWAIT (WHERE COMPANIES HAD BEEN OPERATING FOR 27 YEARS AND HAD RECOVERED THEIR INVESTMENT LONG, LONG AGO) AS IT WAS TO COMPANIES IN LIBYA WHICH HAVE BEEN OPERATING THERE ONLY SEVEN YEARS. IN RETURN KUWAIT WOULD GUARANTEE OIL SUPPLIES TO PRESENT CONSUMERS OF ITS OIL; AND, IN RECOGNITION OF THEIR PAST HELP AND COOPERATION, WOULD SELL OIL TO GULF AND BP AT DISCOUNT. ATEEQI REQUESTED THIS GOK POSITION ON PARTICIPATION BE CLOSELY HELD WITHIN USG.

4. OPEC. ATEEQI CLAIMED TEHRAN PRICING AGREEMENT NO LONGER ADEQUATE, AND KUWAIT WOULD THEREFORE BE PUSHING FOR HIGHER PRICES AT SEPT 15 OPEC MEETING. ESSENTIAL MEASURE OF VALUE, ATEEQI REITERATED, WAS NOT PRICE OF OIL PER SE BUT ITS PURCHASING POWER RELATIVE TO OTHER COMMODITIES. IN FACT OIL SHOULD BE LOOKED AT IN SAME LIGHT AS ANY OTHER COMMODITY IN WORLD TRADE.

5. ATEEQI DWELLED AT SOME LENGTH ON WHAT HE CALLED MORAL ISSUE. OIL PRODUCERS NO MORE MORALLY OBLIGATED TO PROVIDE CONSUMERS WITH ALL THEIR NEEDS THAN CONSUMERS (MOSTLY DEVELOPED COUNTRIES) WERE TO PAY FAIR PRICE AND ASSIST DEVELOPING PRODUCER NATIONS TO UTILIZE SURPLUS

SECRET

SECRET

PAGE 03 STATE 180765

FUNDS WISELY AND PROFITABLY. KUWAIT HAD ALWAYS HAD EXCELLENT RELATIONS WITH OIL COMPANIES AND CONSUMER NATIONS, AND THERE NO REASON TO BELIEVE THAT CONTINUED COOPERATION WOULD NOT RESULT IN GREATER BENEFITS ALL AROUND IN FUTURE.

6. COMMENT: WOULD BE INTERESTING TO KNOW IF ATEEQI CHECKED HIS POSITION ON PARTICIPATION WITH YAMANI. AM INCLINED THINK HE DID DO SO. STOLTZFUS

UNQUOTE. RUSH

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE180765
Document Source: CORE
Document Unique ID: 00
Drafter: S: P.H. BLAKEBURN
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P750014-0940
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730941/aaaabeao.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 13 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Nov-2001 by elyme>; APPROVED <27 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VIEWS OF KUWAITI MINISTER FINANCE AND OIL
TAGS: ENRG, KU, (ATEEQI)
To: TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005